

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 INT-05 /060 W
-----121735 220738Z /13

R 201716Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6130
INFO ALL EC CAPITALS

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USEEC

PARIS ALSO FOR OECD

E O 11652: N/A
TAGS: EEC, ETRD, EIND
SUBJECT: EC PLANS TO RESTRUCTURE THE STEEL INDUSTRY

REF: 77 BRUSSELS 18656

1 EC COMMISSION STEEL DIRECTOR. MAURICE SHAEFFER, TOLD
MISSION OFFICER RECENTLY THAT COMMISSION WOULD PROBABLY
ANNOUNCE IN JUNE A GENERAL REFERENCE PLAN FOR PRODUCTION
CAPACITY IN THE EC STEEL INDUSTRY. THIS PLAN, HE SAID,
WOULD USE 1974 CAPACITY AS A REFERENCE POINT AND GIVE
INDICATIVE FORECASTS ON A YEARLY BASIS THROUGH 1985.
THESE FORECASTS WILL BE THE BASIS OF DISCUSSIONS WITH
INDUSTRY, UNION AND NATIONAL GOVERNMENTS ON STRUCTURAL
ADJUSTMENT IN THE EUROPEAN STEEL INDUSTRY.

2 THE 1974 CAPACITY LEVEL REPRESENTS A BALANCE POINT
OF CAPACITY AND DEMAND AT RELATIVELY HIGH PRICE LEVELS.
SINCE THEN DEMAND HAS DROPPED WHILE CAPACITY HAS CON-
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TINUED TO GROW. SCHAEFFER SAID THAT THE COMMISSION DID
NOT BELIEVE THAT CAPACITY COULD BE REDUCED BELOW OR EVEN
HELD TO THE 1974 LEVEL BECAUSE OF PROJECTS ALREADY IN
COURSE AND MODERNIZING INVESTMENTS NEEDED FOR COMPETI-
TIVE REASONS. BUT OUTMODDED FACILITIES SHOULD BE PHASED
OUT WHENEVER POSSIBLE AND NEW CAPACITY SHOULD BE SUB-
JECT TO THE STRICTEST SCRUTINY.

3 SHAEFFER SAID THAT IN OCTOBER OR NOVEMBER AFTER INITIAL DISCUSSIONS WITH THE PARTIES INVOLVED IN RE-STRUCTURING, THE COMMISSION WOULD TRY TO ADD MORE DETAIL TO ITS PLAN. WHILE THE COMMISSION INTENDS TO RELY LARGELY ON SUASION TO GUIDE RESTRUCTURING EFFORTS, IT WILL ALSO USE ITS CONSIDERABLE FINANCIAL ASSISTANCE POWERS TO MOVE THE INDUSTRY IN THE DESIRED DIRECTION (REF) .

4 SHAEFFER ACKNOWLEDGED THAT THE SUCCESS OF THE COMMISSION'S RESTRUCTURING EFFORT WOULD DEPEND UPON THE AVAILABILITY OF NEW JOBS FOR DISPLACED WORKERS AND THAT IT WOULD BE DIFFICULT TO FIND INDUSTRIES WILLING TO LOCATE OR EXPAND IN THE DEPRESSED STEEL REGIONS' THESE INDUSTRIES MUST BE BOTH SUFFICIENTLY LABOR INTENSIVE TO ABSORB THE WORKERS AND PROFITABLE ENOUGH TO CONTEMPLATE NEW INVESTMENT' THE COMMISSION IS STUDYING THE PROBLEM AND WILL DRAW UP A LIST OF INDUSTRIES WHICH MIGHT MEET THIS DESCRIPTION AS A REFERENCE FOR REGIONAL AND NATIONAL AUTHORITIES. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, DEVELOPMENT PROGRAMS, STEELS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE07717
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780172-0388
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780437/aaaabeqi.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 913401ab-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BRUSSELS 18656
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2908044
Secure: OPEN
Status: NATIVE
Subject: EC PLANS TO RESTRUCTURE THE STEEL INDUSTRY
TAGS: ETRD, EIND, EEC
To: STATE USOECD
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/913401ab-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014